



ARBETSFÖRMEDLINGEN
SWEDISH PUBLIC EMPLOYMENT SERVICE

Labour market outlook spring 2023 – Summary

Outlook for the labour market 2023–2024

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Summary

Economic slowdown in Sweden

The outlook for the world economy has improved somewhat after a winter that was not as cold and energy demanding as feared in Europe. However, economic growth in the world is expected to be historically low. In Sweden, the inflation rate remains high, and this is affecting the economic development. The high inflation affects households and contributes to lower real wages with lower purchasing power as a result. Inflation has begun to decline from the peak at the end of last year, but the development is characterized by great uncertainty. In Arbetsförmedlingen's survey in the spring of 2023, the demand indicator continued to fall and is now well below the historical average.

Increasing unemployment and more long-termed unemployed

Despite the weakened economic situation, the labour market has so far been surprisingly resilient. In May 2023, the number of registered unemployed was at the lowest level since 2009. However, the registered unemployed who have left for work are mainly people who have completed at least one upper secondary education. During the second half of 2023, the demand for labour is estimated to dampen and result in weaker employment growth and rising unemployment. At the end of 2024, the economy is expected to turn upwards and the demand for labour to increase again. Employers' hiring plans have fallen compared to last spring's high levels. The reduced demand for labour is also estimated to cause long-term unemployment to increase with some lag. This means that the positive development is interrupted during the forecast period and that the number of long-term unemployed rises to a higher level than before the pandemic.

Major imbalances in the labour market

The majority of the long-term unemployed are estimated to have a weaker ability to compete on the labour market, and the challenges are particularly great for the unemployed who have been out of work for two years or more. This group of unemployed, above all those with a short education, risks having an even more difficult situation on the labour market as skills requirements change. When the economy weakens, it is crucial to direct efforts towards people who are at risk of ending up in long-term unemployment. The group of long-term unemployed has a complex composition where many need in-depth support adapted based on their specific conditions. The work to reduce long-term unemployment needs to be carried out within many different policy areas and together by several different actors. Arbetsförmedlingen has a central role in the work to prevent and break long-term unemployment but will not meet this challenge on its own. At the same time, major challenges remain with the widespread lack of skills. Many unemployed lack the skills that employers demand. To avoid more people ending up without work for long periods of time and at the same time to secure the supply of skills, it is necessary that more unemployed people take part in training programmes. It will therefore be crucial to facilitate, motivate and guide more people into education and training leading to employment.

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